



## **Microfinance for Livelihoods in Urban Slums**

In the afternoon of Wednesday, April 8, **Julia Assaad**, General Manager, Grameen-Jameel Pan-Arab Microfinance Ltd, United Arab Emirates, chaired the workshop on “Microfinance for Livelihoods in Urban Slums,” which featured four practitioners from the region with significant experience in outreach to the urban poor. **Michael Assibu**, Administrator and Human Resources Manager at ASA Ghana; **Issa Ngwegwe**, Credit Manager at FINCA Tanzania; **Robert Ogunde**, Master Trainer and National Coach at Street Kids International and K-REP in Kenya; and **Susan Saiyorri**, National Outreach Manager at Jamii Bora in Kenya. This workshop provided a detailed look at the challenges and opportunities facing MFIs and CBOs that seek to engage in outreach to residents of urban slums in Africa, and some of the effective interventions that they have achieved. Key themes that came up throughout the discussion were motivating slum residents to see the opportunities and potential that lie before them; providing appropriate training that responds to the needs of slum residents; and building partnerships with other local organizations or actors to support the best outcomes for slum residents.

**Julia Assaad**, General Manager, Grameen-Jameel Pan-Arab Microfinance, chaired the panel discussion which focused on three key questions: 1) What infrastructure challenges do you face in the urban slums in regard to the provision of microfinance and livelihood development programs? What are the health issues, health conditions and living conditions that must be addressed when reaching out to slum dwellers? 2) Assessing the skills of microfinance clients, how can we help develop them in terms of training and education?; and 3) How sustainable are these projects, and how can we ensure that these clients eventually become self-sufficient?

The panel discussion on livelihoods in urban slums began with comments from **Issa Ngwegwe**, Credit Manager, FINCA Tanzania, who explained, “Since our inception [in 1998] ... [FINCA Tanzania has] been working with the urban and rural poor, trying to improve their livelihoods through our popular [global] model of village banking.

Our livelihood strategy for the urban poor or urban slum residents is determined not merely by [access to] income, but [through access to] a complete range of financial, human, physical, natural and social capital,” Mr. Ngwegwe outlined. “All these [elements] combined ... can turn around the livelihoods of urban slum residents. ... [And they] are entirely connected and depend on each other.”

“When talking about whether urban slums have the adequate infrastructure to support the operation of microfinance service delivery,” he acknowledged, “in most cases ... poor infrastructure has ... [caused] urban slum residents to be disadvantaged [in regard to] accessing financial services. But people forget that in the urban slums there is great opportunity and also there is vibrant economic activity, which is good for microfinance institutions to work with.” In urban slums, there is access to technology as well as easy access to customers, and such infrastructure can support both microfinance institutions as well as microentrepreneurs. However, some of the

Wednesday, April 8, 2010

3:30 PM – 5:00 PM

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Panel:

*Chair: Ms. Julia Assaad,  
General Manager,  
Grameen-Jameel Pan-  
Arab Microfinance Ltd,  
United Arab Emirates*

*Mr. Michael Assibu,  
Administrator and  
Human Resources  
Manager, ASA Ghana,  
Ghana*

*Mr. Issa Ngwegwe, Credit  
Manager, FINCA  
Tanzania, Tanzania*

*Mr. Robert Ogunde,  
Master Trainer and  
National Coach, Street  
Kids International and  
K-REP, Kenya*

*Ms. Susan Saiyorri,  
National Outreach  
Manager, Jamii Bora  
Kenya Ltd, Kenya*

risks that microfinance can face in the urban slums are the threat of crime to their loan officers and the threat of disease to customers resulting from poor sanitary conditions.

“When we address livelihoods in the urban slums, we should not look only at how microfinance can do it alone,” Mr. Ngwegwe concluded. “We need to partner with other institutions which can work on and improve the infrastructure. [For example,] in Tanzania, the World Bank has been financing a number of improvements in urban slums, and that has proved a good ... [foundation] for microfinance to operate in.”

The following panelist was **Susan Saiyorri**, National Outreach Manager for Jamii Bora Kenya, who has mobilized over 60,000 Jamii Bora members from the urban slums of Kenya over the last ten years. She explained, “The issue of infrastructure in the slum areas, be it roads, hospitals, or housing is something that you really have to reckon with. [At Jamii Bora,] we do a lot of training; we train ... [slum dwellers], and we help them understand that they need to maintain high hygiene for their own sake, so that they may remain healthy, and [also] pay back our loans. Most of them understand.”

To illustrate her point, Ms. Saiyorri shared the story of one of the members she helped. “Let me give the example of Claris ... she is a beautiful and elegant woman. When I met Claris she was a street mother. ... The business she chose was fish, because she came from the lakeside, and that is what she understands. What she did not understand was why she has to change her clothes when she was selling her fish. And at the end of the day, her dress would be oily and smelly. ‘Why not wear the same dress every day and only change when I am going home?’ [she asked]. So one of our trainers helped her to understand that for customers to buy her fish ... she must be presentable; she must look nice. That was a hint that helped Claris, and she even learned to clean her house ... and her compound. And [with] the microloans that we gave her, we helped her climb to where she is today. She is now servicing a loan of over 650,000 Kenya shillings. ... And she lives in one of the houses that we built for her in her country town. So you see how education and awareness can change the ways of those living in the slums. I am not saying that it is not a challenge –it is a big challenge – [but it can be done].”

As the panel discussion on livelihoods in urban slums continued, **Michael Assibu**, Administrator and Human Resources Manager of ASA Ghana, who manages all of their loan officers, took the microphone. Mr. Assibu explained, “In Ghana, more than 65% of the residents in the capital city of Accra live in slums, so when we started our program in 2007, our main job was to go to the slum areas and operate. In just three years, we have opened 25 branches, with over 21,000 borrowers.

In terms of training, Mr. Assibu explained, “Most of the time, we train ... [slum residents] in dressmaking or sewing. [For] those who are interested in trading, we guide and educate them on how to trade. For the street hawkers, we try to get them out of the streets and put them in institutions where they can get some formal training in these areas. So we encourage almost all the slum dwellers we find ... [to select] what he or she can do to better their lives.”

Mr. Assibu followed up by sharing some client stories as well. “One I can remember so easily ... [was about] a slum dweller who was selling oranges on a table, and her

first loan cycle was US \$100. She used to go around and buy oranges. In three months she was able to repay US \$100. Even when the loan was for six months, she wanted to repay quickly. In six months we gave her US \$150, so she bought a container, and instead of buying more oranges, she added lemons, and some watermelons. Before we realized, she got into fruits, and she is doing quite well now. Another trader was into sewing, but she had only one machine. We gave her US \$100, and she bought an additional machine and added her sister to sew. They made fine clothing, and after six months she came for the second cycle. Now she has five people working for her, she is paying them, and [she] is a very successful entrepreneur.”

“[So far, we have a] total of 9,000 clients that we have been able to recruit from the slum areas, trained them, and gave them loans to do business,” Mr. Assibu conveyed. “So you can see, because we don’t do any savings, it is the cash collaterals we have been able to mobilize from them [that helps a lot]. This money goes back to them, because we take from A and give to B. At the end of the day, this helps us to reach out to other neighborhoods. Our plan is that by 2014, we should reach 160 branches and have 170,000 clients. This is our goal.”

The final panelist was **Robert Ogunde**, Master Trainer and National Coach at Street Kids International and K-REP in Kenya, who shared his passion for training with the Summit attendees. “Training is quite important; we know that, and we cannot do without it. I have been training for too long, and over my life as a trainer, I have come to appreciate two products that have been ... [developed] by Street Kids International. One is the ‘Street Business Toolkit’ ... [and the other] is commonly known as the ‘Street Banking Toolkit’. The Street Business Toolkit is all about people planning comprehensively for their businesses. ... One of the key components of the Street Business Toolkit training is the mentorship program ... [which connects] people who are starting a business ... to people who have been in the business for a long [time]. ... [This program helps] the new people gain the skills [they need] so they are able to improve their businesses.”

“[And] you see—money is a tool. And if you have a tool, but do not know how to use that tool, that tool can kill you. ... The Street Banking Toolkit is all about teaching people financial literacy and financial discipline,” Mr. Ogunde explained. “It brings groups of people together and focuses on three principles. One is for them to be able to envision their businesses and the businesses of their other colleagues, things that can actually grow and get firm. Second is about [each] individual’s commitment, as members of a group. Third is the group’s solidarity, the cohesiveness of the group itself, whereby, when they take the money, and use that money, they are able to bring it back. They look at each other as a friend and as a colleague, and they should exist for each other; that is very important for them.”

“We focus on training youth and youth workers,” Mr. Ogunde continued. “The youth workers are people who have been trained [in our core programs] and will eventually [take over] when Street Kids International withdraws or ceases to be in direct involvement with ... [a community]. These youth workers can go ahead and help in the communities where they actually come from, and keep doing perpetual training in these areas. ... Currently, [235 youth and] youth workers have been trained in the Street Business Toolkit and [489 youth and] youth workers have been trained in the

Street Banking Toolkit. As a result of this, 215 youth businesses have been started, and we envisage 101 ... [will] be funded by the end of the project. ”

Looking at the impact of these programs on youth, Mr. Ogunde shared, “The youth workers report increased confidence, enhanced skills, and strengthened programming in their organizations. The youth [who were trained] report feeling hopeful about economic improvement to their lives, enhanced skills and improved conditions for their family. “

Mr. Ogunde concluded by saying, “If you think training is expensive, try ignorance. [To achieve] success in business, skills are ... vital and ... indispensable. We need to ensure that youth, women and our clients get the ... skills they need ... [especially] to handle ... the money they get. Otherwise, those who are not trained can run into problems, and that is something we would not like to see. ”

### **Following are a few key comments from the Q&A session:**

**Question:** “I have a non-profit organization that works in slums of South Africa. ... [One] issue we have is there are 5,000 homeless kids who have lost their parents to AIDS. We have to deal with the psychological side ... [of their situation,] but they don't see how it is possible for them [to succeed].”

**Answer from Ms. Saiyorri:** “[At Jamii Bora,] we don't accept any excuses. So we tell them that you have a mountain ahead of you, you just have to get to the other side. It does not matter if you climb it; you dig through it, you go around it, or simply remove it. But you need to get to the other side, and find your direction.” We have people come with excuses, e.g. ‘I don't have one hand,’ and we tell them, ‘You have the other one’; ‘I don't have this eye’ – ‘You have the other one’; ‘I cannot see’ – ‘You have hands’, etc. So we deal with that.”

“It is not easy for someone to come from America, go to Mathare Slums, and tell them, ‘You can get out of poverty;’ that can't happen. So we get people who are actually born and bred in Mathare, who have lived through it all and come out. They have made it. So they are able to say, ‘Look, I used to beg with you, I used to beg along with you. I used to borrow salt from you; I do not borrow anymore. Look at me. This is the [path] I followed. I took a loan and made an effort to repay. And that's why I am where I am today.’ So we use these people as mentors, and we pay them for that. They go out to their slums every day and help by encouraging and sharing their stories, and using their lives as living examples that ‘nothing is impossible if you are willing to work it out’.”

**Question:** “We find that in the African countries, the people who are HIV+ are the poorest of the poor. The main challenge is that when they come to us they have nothing [to start] a business. They ask you, the money for savings, where will we get it? What do you tell to such a client during the training?”

**Answer from Mr. Ogunde:** “If we choose to be optimistic in life—because it's very expensive to be a pessimist—we can definitely influence peoples' lives. In the midst of any difficulty, lies an opportunity. I know we are looking at people with HIV/AIDS, and we are asking ourselves what they have to offer, but there is so much

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these people have to offer. Every human being has some inborn potential, and you have to unleash the potential that resides deep within you. ... [For example,] if you could get a group of women [together], say 10 or 20, even if they are all HIV positive, and if they could pool their savings together ... [then over] time that savings can be lent out to them at manageable, very small interest rates, and the common fund would grow. By virtue of being in one group, [through] the power of the masses, these women can change so many things in the community that they come from. They can ... [be influential]. For instance, in Kenya a group of 200 women can challenge the committee that sits on the constituency development fund, and say ‘We are 200 [women], and we are suffering because of this kind of thing ... we need a change’.”

“One [additional] thing [I would like to suggest] to the person who asked this question is to link up ... [with similar] organizations in the slums [that work with] very poor women who undertake this self-help group approach to reach their potential. Special visits to these [other groups of] women is also very beneficial. [If your clients] can see it is happening elsewhere, [they will say] ‘So why not us’, and that will be very good for them.”



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